

Top Level Parts Management Presentation



When it's all on the line...

Agenda

- ◆ What is Parts Management
- ◆ Myths
- ◆ Why Should You Do Parts Management
- ◆ Benefits & Cost Avoidance
- ◆ Return on Investment
- ◆ Objectives (wrap-up)

What is Parts Management

- ◆ An integrated effort to streamline selection of preferred or commonly used parts during the design or redesign of systems, equipment and legacy system support.

Myths

- ◆ Acquisition reform replaced it
- ◆ Standard part = military part
- ◆ Design flexibility restricted
- ◆ Bottleneck
- ◆ Burdensome process
- ◆ Cost driver

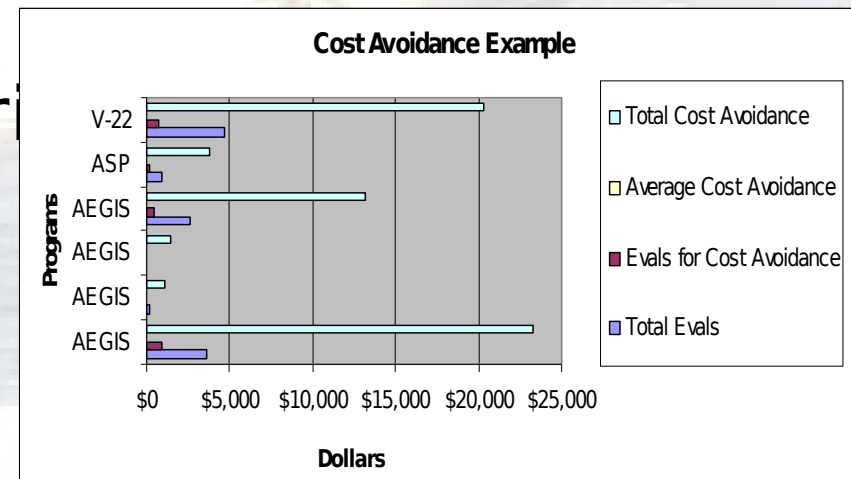
Why Should You Do Parts Management

- ◆ Reduces logistics foot print
- ◆ Reduces obsolescence issues
 - Availability of parts (enhanced system maintainability)
 - The standardization of parts
 - Operational readiness
- ◆ Enhances Reliability (lessons learned)
- ◆ Promotes Interoperability
- ◆ Enables Technology insertion
- ◆ Extends life expectancy
- ◆ Reduces lead time
- ◆ Increases Customer satisfaction

Avoidance (Tangible \$ \$)

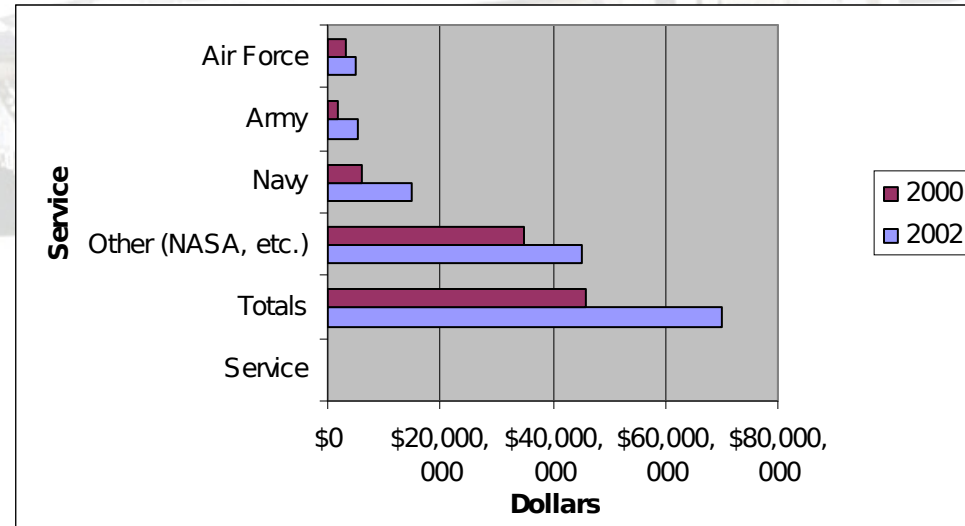
- ◆ New part addition is \$20k* per part number or higher
- ◆ Total ownership cost reduction
 - Reduced qualification costs
 - Reduced documentation costs
 - Economy of scale
- ◆ Reduction of inventory

* Conservative figures
higher be a magnitude



Return on Investment

- ◆ Generic Formula for Savings
- ◆ Industry has shown a typical reduction of 25% of parts per program, resulting in an average savings of five million dollars
- ◆ Cost avoidance example:



Objectives (wrap-up)

- ◆ Component logistic support - Reduces logistic foot print
- ◆ Reduces DMS impacts and part obsolesces issues
- ◆ Availability of parts (enhanced maintainability)
- ◆ The standardization of parts minimizes the proliferation of parts and drawings
- ◆ Improved Reliability (lessons learned)
 - Enhanced/ improved operational readiness and interoperability
 - Assists in meeting end item performance - Customer satisfaction
 - Improved Technology insertion
 - Extended life expectancy
 - Reduction of lead time and total life cycle costs
- ◆ Self imposed best practices to avoid customer/contract imposed (specific restrictive elements) (customer should identify performance based PM practices as necessary to achieve the objectives noted above)
- ◆ Proactive process meets customer expectations